

SHAREHOLDER ENGAGEMENT AND VOTING POLICY 2025

1 Introduction

This policy outlines Chelverton Asset Management's (CAM) approach to engagement and voting.

As a boutique asset manager largely focused on small and mid-cap companies, we view engagement and voting as core components of our investment process and key to creating long-term value for our clients.

This policy is designed to ensure that we meet our stewardship responsibilities and align with the principles of the UK Stewardship Code and other relevant regulatory requirements.

The policy is intended to be read alongside our annual UK Stewardship Code Report, quarterly Engagement and Voting Reports, and annual Engagement Plans, available to view on our website [here](#).

Our quarterly Engagement and Voting Reports detail our engagement and voting activity during each quarter period, including the rationale for any votes cast in abstention or against management resolutions at shareholder meetings.

Interested parties requiring further details about this policy or any of our other responsible investing activities should contact us at info@chelvertonam.com.

2 Our Approach to Engagement

2.1 Engagement Philosophy

Engagement lies at the heart of our investment approach. We believe regular, constructive dialogue with companies is essential to:

- Build our understanding of businesses and management quality
- Monitor risks and opportunities
- Influence positive change where appropriate
- Fulfil our stewardship responsibilities

Our engagement approach is characterised by:

- High frequency of regular company interactions



- A flexible approach tailored to each company's circumstances, size and maturity
- Focus on strong governance as the foundation for long-term success
- Integration of material environmental and social factors

2.2 Scope of Engagement

We aim to engage with every small and mid-cap company we invest in, prioritising building constructive relationships with our investee companies where our engagement can be most impactful. Our engagement approach is comprehensive and tailored, involving regular interactions with executive teams, board members, and other key company representatives.

Our engagement activities cover a wide range of issues, including but not limited to:

- **Corporate governance:** we emphasise strong corporate governance as a cornerstone of company success, aligning with established codes while considering each company's unique context
- **Board effectiveness:** we advocate for well-structured, diverse boards appropriate to company size and stage of development
- **Remuneration:** We support compensation structures that align with long-term value creation and incorporate relevant ESG metrics
- **Prudent capital management:** We engage in open dialogues on capital allocation and dividend policies, promoting shareholder-friendly practices.
- **ESG integration:** We assess and discuss material environmental and social factors that may impact company valuation and performance
- **Transparency:** We actively work to address information gaps, particularly in ESG reporting, offering support to smaller companies in developing appropriate practices
- **Systemic risk management:** We encourage all companies to address key systemic issues such as climate change, human rights, and responsible AI development

While we do not seek to directly involve ourselves in company management, we may influence management on these issues where we deem it beneficial to long-term value creation and risk management.



2.3 Engagement Methods

Our engagement activities may include:

- One-on-one meetings with management or board members
- Site visits
- Conference calls
- Written correspondence
- Participation in investor days or capital markets events

2.4 Engagement Plan 2025

Our annual Engagement Plan outlines focus areas and expectations for the year. Key themes for 2025 include:

- Climate change and net zero
- Biodiversity and natural capital
- Diversity, Equity, and Inclusion (DEI)
- Executive remuneration
- Responsible AI governance

3 Prioritisation of Engagements

We prioritise our engagement activities based on several factors:

- Materiality of relevant issues to the investment case
- Size of our holding
- Specific ESG risks or controversies identified
- Opportunities to influence positive change
- Alignment with our annual engagement themes

This approach ensures we focus our resources where we can have the most significant impact, with the objective of protecting and enhancing value for our investors.



4 Escalation

If initial engagement is unsuccessful, we may escalate our approach through a series of steps, which may include:

- Additional meetings with executive management
- Engagement with non-executive directors or the Chair
- Abstaining or voting against management where CAM has the voting rights. Or recommending such action to the Authorised Fund Manager (AFM) for segregated mandates
- Collaboration with other investors (where appropriate)
- Reducing our holding or divesting

The specific escalation path will depend on the issue at hand and the company's response to our concerns.

5 Collaborative Engagement

While we prefer direct, one-on-one engagement, we recognise the value of collaborative efforts in certain circumstances. We may participate in collaborative initiatives that:

- Support the needs of small and mid-cap companies
- Address systemic risks relevant to our investment universe
- Promote best practices in sustainable business and investment

When deciding to join collaborative engagements, we consider factors such as:

- Alignment with our engagement priorities
- Potential for meaningful impact
- Resource requirements
- Potential conflicts of interest

6 Voting Approach

6.1 General Principles

Our voting approach varies by the fund structure. For funds where CAM holds voting rights we aim to vote on 100% of resolutions for companies we hold.



We view voting as a key tool for expressing our views and influencing company behaviour, where appropriate. The Global Tech fund is exempt from this policy due to the small size of our holdings relative to the large cap nature of its investments.

Chelverton has limited rights to make voting decisions on shares when appointed as the Investment Manager on segregated mandates. The Authorised Fund Manager retains voting rights, except when the vote is a de-facto investment management decision, such as corporate actions.

Our voting principles include:

- Supporting management proposals as a standard practice, with the caveat that we expect discussion on any contentious issues and may abstain or vote against if our concerns are not adequately addressed
- Voting against excessive remuneration or share issuances, where appropriate
- Promoting board independence and diversity
- Supporting shareholder resolutions that promote good ESG practices

6.2 Voting Process

For funds where CAM holds voting rights, we do not use proxy advisors, preferring to make independent voting decisions based on our company knowledge and engagement insights. Our voting process involves:

- Review of meeting materials by the responsible fund manager
- Consultation with our in-house Corporate Governance Manager on contentious issues
- Discussion in investment team meetings for significant votes
- Final decision made by the fund manager
- Execution of votes through our custodian's voting platform

6.3 Communication of Voting Decisions

Wherever possible, we will inform companies prior to the vote when voting against management or abstaining, explaining our rationale and offering further engagement. This promotes transparency and continued dialogue.



6.4 Stock Lending

We do not participate in stock lending programs to ensure we retain all voting rights.

6.5 Global Tech Funds Exemption

Our Global Tech funds are exempted from our ordinary voting policies on the basis of materiality. For this fund, we own very small holdings in very large companies. While we maintain effective oversight of these investments, our voting impact is deemed to be negligible, and our resources are more effectively deployed elsewhere. Nevertheless, we retain the option to engage on material issues when warranted.

7 Reporting

We provide transparency on our engagement and voting activities through:

- Quarterly Engagement and Voting Reports, detailing significant engagements and votes, available [here](#)
- Our annual Stewardship Report, providing a comprehensive overview of our activities and outcomes, available [here](#)
- Responses to client queries on specific engagements or votes

8 Conflicts of Interest

Any potential conflicts in our engagement or voting activities are managed in line with our Conflicts of Interest Policy, available [here](#). This includes:

- Maintaining a conflicts register
- Escalation to our compliance function and senior managers for review of any potential conflicts
- Disclosure to clients where conflicts cannot be mitigated

As active investors, we acknowledge that becoming an insider is an occasional necessity of our investment process. When this occurs, typically through Market Soundings compliant with Market Abuse Regulation, we implement strict internal controls:



- Creating a record of each insider event
- Restricting trading on affected shareholdings until the information becomes public
- Ensuring compliance with all relevant regulatory requirements

9 Review and Continuous Improvement

This policy is reviewed annually to ensure it remains appropriate and effective. We also:

- Regularly assess the outcomes of our engagement activities
- Seek feedback from companies and clients on our approach
- Stay informed about best practices and regulatory developments in stewardship

10 Governance and Oversight

Our engagement and voting activities are overseen by:

- The Board of Directors, which reviews our overall approach and significant activities
- The Corporate Governance Manager and external ESG partners, who support CAM's stewardship and engagement activities
- The Investment Team, responsible for day-to-day implementation of this policy

